STATE OF ARKANSAS
MIKE BEEBE
GOVERNOR

September 10, 2009

David Blumenthal, M.D., M.P.P.
National Coordinator for Health Information Technology
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

Re: State of Arkansas Letter of Intent for EP-HIT-09-001

Dear Dr. Blumenthal:

The State of Arkansas is pleased to submit this letter of intent to apply for federal American Recovery and Reinvestment Act (ARRA) funds for the State Health Information Exchange (HIE) Cooperative Agreement Program. The *Arkansas Health Information and Technology Initiative* (*Initiative*) will update the current State HIE plan to comply with recently published Office of the National Coordinator (ONC) guidelines. Arkansas is a rural state with a large, medically underserved population, and technology can offer critical access to medical services for these Arkansans.

The *Initiative* involves a broad group of stakeholders, some of whom participated in Arkansas's nationally funded Health Information Security and Privacy Collaboration (HISPC) and Regional Quality Initiative (RQI) projects over the past five years. That work forms the basis of our State plan; however, we must now meld recently completed assessments and integrate other advances in HIE connectivity into the overall design of the State's Health Information Technology (HIT) plan. Through the requested funds, Arkansas will implement the State plan over the next four years to build an infrastructure that supports and promotes statewide HIE, resulting in improved access to care, reduced health-care costs, and better quality of care.

The Arkansas Surgeon General, Dr. Joseph Thompson, leads the *Initiative*. We do not intend to make application for an HIE Regional Extension Center. We support the Arkansas Foundation for Medical Care application for a regional extension center that will include coordinating with the University of Arkansas for Medical Sciences' Area Health Education Center Network and the State's two- and four-year colleges. The primary point of contact for the *Initiative* is Frank Scott, Policy Analyst, Office of the Governor, State Capitol, Little Rock, AR, 72201, (501) 683-6462.

Other key personnel include the following:
Amy Rossi, Associate Director, and Shirley Tyson, Research Associate, Arkansas Center for Health Improvement, 1401 West Capitol, Suite 300, Little Rock, AR 72201, 501-526-2244;
Chris Masingill, Office of Governor Beebe, State Capitol, Little Rock, AR 72201, 501-683-6424.

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Participating stakeholders who comprise an Executive Committee and a HIT Task Force include: Joseph Thompson, M.D., M.P.H., Chair, Executive Committee and Arkansas Surgeon General

John Ahlen, Ph.D. President Arkansas Science and Technology Authority	Claire Bailey Director/Chief Technical Officer Arkansas Department of Information Systems	Jerry Bradshaw, Executive Director Health Information Networks Arkansas Blue Cross Blue Shield	Paul Halverson, Ph.D. Director Arkansas Department of Health
Tom Harbuck Executive Vice President Arkansas Hospital Association	John Selig, Director Arkansas Department of Human Services	David Wroten Executive Vice President Arkansas Medical Society	Randy Zook President and CEO AR State Chamber of Commerce
Jean Block (Ex-Officio) Assistant Attorney General Arkansas Attorney General's Office	Chris Masingill (Ex-Officio) Arkansas Recovery Implementation Director Office of the Governor	Ann Purvis (Ex-Officio) Administrator Arkansas Department of Finance Administration Office of Intergovernmental Services	Frank Scott (Ex-Officio) Policy Analyst Office of the Governor

A brief description of Arkansas's progress in each of the domains is included below:

Legal and Policy HIE Capacity: Arkansas's leaders, policy makers, and stakeholders have cooperatively worked on numerous issues in the areas of HIE and health-care-systems optimization. Two examples are noteworthy. 1) The Robert Wood Johnson Foundation (RWJF) Regional Quality Initiative (RQI) was awarded to Arkansas Medicaid and managed by Arkansas Foundation for Medical Care (AFMC). Funded from 2006-2008, the goal of this project was to *develop and disseminate a long-term strategic plan to incorporate and integrate health-information exchange and health-information technology into the Arkansas health-care system.* Using work groups (legal, fiscal, governance, technology, and clinical), the project developed a prioritized and consensually agreed upon list of tasks statewide. 2) The Arkansas Health Information Security and Privacy Collaborative (HISPC) was funded through the Agency for Healthcare Research and Quality (AHRQ) and the National Governors Association (NGA). The project was led by the Arkansas Center for Health Improvement (ACHI), in partnership with the Arkansas Department of Human Services (ADHS) and the Arkansas Foundation for Medical Care (AFMC). The goal was *to assess the ways in which privacy and security laws and business practices impact the exchange of interoperable electronic health information, to formulate solutions to any identified barriers, and to prepare a strategic plan to address barriers and optimize health-information exchange through electronic vehicles.*

The HISPC project included multistate collaborations to develop replicable solutions for barriers to HIE, with a focus on the areas of education, state law, consent policy, and organizational policies. This included the development of patient consent and business associate agreements to facilitate exchange in both intrastate and interstate capacities. The Arkansas HISPC team incorporated the Arkansas perspective in this harmonization of state laws. Additionally, a primary component was an educational review of privacy and security issues related specifically to HIPAA. The HISPC project deliverables included an electronic HIE best practices assessment, reports on practice variations within Arkansas, and development and dissemination plans intended to improve health-information exchange within the State and with other states. Several other state-based efforts include, but are not limited to, the Arkansas Rural Telehealth Oversight and Management (ATOM) project, which operates to expand broadband-delivered

telemedicine capacity throughout the State, private-sector-led quality-improvement initiatives, and other public and private coalitions and interest groups.

Governance Capacity: Effective development of a regional HIE requires a collaborative effort by multiple community stakeholders, fostered by transparency and organizational trust. Arkansas health-care stakeholders had the opportunity to develop formative concepts about regional HIE during the two-year RQI grant time period. The consensus-driven process explored many core components of HIE, including governance.

In 2009, Arkansas's Surgeon General formed a task force on HIT to build upon the RQI conceptual framework. With the announcement of the HIT ARRA funds, this task force has become the vehicle for informing the State response to the federal HIE opportunities. The executive committee is identified above. The stakeholder task force meets regularly to review progress of the executive committee and work groups and to guide statewide adoption of HIE on issues related to privacy, finance, data use, vendor selection, and information priorities. The feedback loop between the stakeholder task force and the executive committee will permit the executive committee to provide informed recommendations to the Governor for his final decision. In recent meetings, the State has determined that, in order to provide the venue for a rapid acceleration of a new HIE system, a State office of HIT to host the new system will be established. In time, the State expects to review this initial governance model and consider a system more similar to a public utility model of HIE.

Business and Technical Operations Capacity: The State HIE plan calls for implementing a data-standard-based approach with clinically meaningful data to include ONC meaningful-use criteria in a State-facilitated system. We plan to create a federated system for exchanging information through a secured, statewide network for transmission and capitalizing on State broadband infrastructure.

Building upon the collaboration in place for deploying broadband and the area health-education centers throughout Arkansas, our HIE coordinated project effort will identify the steps to build upon the federated HIE environment in place within some of our major medical systems. We will then execute the migration from our federated environment to a hybrid environment. Key to this is our strategic-planning process, which will clearly outline project steps, costs, and milestones that will be required for a successful project implementation. Our project efforts will be managed by Arkansas's Surgeon General and the Arkansas Center for Health Improvement (ACHI), which will utilize an Executive Steering Committee and key stakeholder task force.

As we update our in-depth, strategic-planning process, we will analyze the existing technical infrastructure and capacity levels across the State's medical systems platforms. We will then strategically build the HIE hybrid infrastructure which will maximize the technical enterprise architecture in place for the State of Arkansas utilizing virtual resources, help-desk, change-control, and data-warehouse tools in place today. We will work to address technology voids as they are indentified, integrating them into the enterprise architecture for the State of Arkansas.

Critical to the success of Arkansas's HIE efforts is the functionality development for the secured, information exchange. Our goal is to follow a structured systems-design process, working in collaboration with Hospital Chief Information Officers (CIOs), as well as individual medical professionals and other users of medical information systems. Our structured change control processes will ensure the HIE process is tested and meets the specifications and functionality required for secure transmission of meaningful use data.

We have Project Management methodology in place to make certain that schedule and budget are successfully met, and that effective change-control-processes are followed so that the project is completed and delivered to the State, meeting all the requirements of State and federal standards for HIE. Our

project success criteria will provide a performance measurement process for the entire effort. As we deploy throughout the State, we will monitor utilization, review statistics on adoption of the new services, and see to it that help-desk calls are analyzed for trends and corrective actions required for statewide deployment.

Technical Infrastructure Capacity: Arkansas's technical infrastructure supports one statewide network for all state agencies, boards, and commissions, and is also utilized by our public schools, institutions of higher education, and some cities and counties. With this wide footprint of connectivity, the State is the anchor tenant for the delivery of broadband services to all areas of Arkansas. The State also provides a data center, offering technology services and support that span security services, programming, and project management to systems management, data warehousing, and the full-service delivery range for backup and recovery.

Examples of strong, technical infrastructure in Arkansas include a university-based medical center with one of the country's strongest networks of area health-education centers and use of telemedicine to train physicians and to bring medical access to isolated areas. High-risk pregnancy cases throughout the State are actively treated using telemedicine; health, business, and community leaders seek technological advances to plan and provide health services to maximize communication and limited resources; e-prescribing has been launched with virtually all providers participating; broadband connectivity is advancing through the ATOM initiative with start-up FCC funds; and physician billing to either Medicaid or Medicare uses an electronic system with automated claims. With this technology platform in place, we hope to be able to transmit meaningful use data through a secured, statewide network.

Along with the State-controlled resources, a wealth of technical infrastructure capacity exists within the private sector, AHEC's, and academic centers across the State. Arkansas BlueCross and BlueShield is the State's largest private-insurance carrier (nonprofit), serving over 65% of our fully and self-insured individuals. Formed in 1995 as a Limited Liability Corporation (LLC), Arkansas BCBS supports the Arkansas Health Information Network, which has developed components for eligibility determination, claims adjudication, quality monitoring, defined electronic, physician clinical-information access, and development of personal health records. Currently employed in the collection of childhood preventive-care needs through our public school systems, this infrastructure serves as a private-sector test-pilot for statewide application.

Through federal grants for hospital preparedness, the Arkansas Department of Health (DOH) has provided high-speed (T1) and leased lines between itself and each of the 86 Arkansas-licensed, general acute-care hospitals with connectivity to the Internet. While the priority for these lines has focused on emergency related teleconferencing, the lines have provided an important Internet gateway for hospitals to exchange patient-care data, including medical imaging and telehealth consultation. In addition, each of the DOH's 93 offices with T1 leased lines link limited clinical-data systems from each of the State's 75 counties in its more than 100 offices with each other and the central office for the purpose of maintaining registries, including the immunization registry.

The Arkansas Medicaid Program also manages a comprehensive Medicaid Medical Information System (MMIS) to facilitate claims processing and expedite electronic submission. Within the past year, Medicaid has launched e-prescribing statewide. Quality improvement incentives for hospital reimbursement have resulted in a majority of hospitals demonstrating significant improvement in quality of care monitored through electronic surveillance.

Finance Capacity:

The *Initiative* looks at the national agenda for HIE, as well as State implementation plans for legal/policy capacity, governance capacity, business and technical operations capacity, technical infrastructure capacity, and finance capacity.

With regard to its finance capacity, the *Initiative* will be governed through an existing State entity. Financial policies and procedure implementation will be developed consistent with State and federal requirements. A key component to enable ongoing development of the Arkansas HIE is the identification of a sustainable revenue model. The HIT Executive Committee is currently evaluating various financial models for submission in the *Initiative* proposal. Possible financing models being evaluated include: per-user transaction-fee model, patient-reimbursement models, State-government taxation strategy, and annual membership maintenance-fee models. Arkansas has experience deploying such models and the HIT Executive Committee is currently in discussion with stakeholders to determine the most viable and sustainable funding mechanism.

The proportion of funding sources from federal, State, and revenue from HIE services will be determined based upon final selection of the financial-sustainability model. Review of financial budgets will be conducted by an Oversight Board on a quarterly basis and will also comply with the Single Audit requirements of the Office of Management and Budget (OMB).

Public Interest: Technology has dramatically changed the world we live in; however many Arkansans, and the medical professionals who serve them, are challenged by the geographical and economic conditions that thwart the adoption of these new advances. The State has deliberately coordinated the federal applications for broadband expansion, HIE-system development, Medicaid MITA planning, and the Regional Extension Center to accelerate adoption of HIE and support uptake of meaningful use of EMR's. The capacity to exchange specific medical records, drug prescriptions, and other medical results in real time will expedite services in emergencies or in routine medical visits. While the sheer convenience and time savings will be enormous, it is the immediate life-saving results of using a health-information exchange that will serve the greatest good.

A State system of health-information exchange will provide the infrastructure to support the State's investment in telemedicine and create new partnerships between specialists located in Central AR with primary-care physicians in rural practices. The new resources will be used to create new job opportunities as individuals are trained for positions that maintain the equipment, software and hardware that undergird the system. Without these resources, our tax base would be insufficient to support the cost of adopting such a system and keep Arkansans from enjoying the benefits of a health-information exchange system

Conclusion: On behalf of all Arkansans, I submit this letter of intent for the State of Arkansas to support our developing use of health-information technology. I am confident that our preparation through the RQI and HISPC projects, our experience in the public sector with Medicaid, our bioterrorism preparedness, and the private-sector Arkansas Health Information Network and Community Health Centers will enable us to achieve the goals of the HITECH Act. We are working to integrate our approach not only through this grant, but also through an application for the Regional Extension Center, Medicaid's enhanced clinician reimbursement for electronic medical records, and our Commerce Department application for broadband expansion and application of telehealth in our rural areas. With your support, our State will be able to achieve the 21st-century health-care system we all envision.

Sincerely,

Mike Beebe